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# Portugal

# Exporter Guide

# Annual

# 2001

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**Report Highlights:**
**This report provides information on Portugal's value-added food market and provides practical tips to U.S. companies regarding exporting to Portugal, an increasingly substantial, but frequently overlooked market.**

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Includes PSD changes: No
Includes Trade Matrix: No
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## SECTION I. MARKET OVERVIEW

Since Portugal's entry into the European Community in 1986, the country has undergone a tremendous transformation. Portugal has successfully parlayed a dozen years of well-managed EU infrastructure funds into strong economic growth, low inflation and substantial new foreign investment in productive capacity. Since joining the EU, Portugal has witnessed steady economic convergence with its wealthier European neighbors. Portugal's GDP per capita, which had been only 53 percent of the EU average in 1985, had risen to more than 70 percent of the EU average by 1998. Membership in the European Union has also deepened Portugal's trade relations with Europe, with other EU member states accounting for 77.4 percent of Portuguese imports and86.1 percent of exports in 1999.

The Portuguese economy is thriving, with record highs in its stock market, low unemployment, and a founding membership in the European Monetary Union of which its leaders are justifiably proud. After years at the periphery of the Iberian Peninsula, Portugal is finally fulfilling its geo-strategic and economic potential as the gateway to a unified Europe, especially Southern Europe and Africa.

Over the last six years, practically all the economic indicators have been positive. The Portuguese economy has experienced robust economic growth since 1993, driven primarily by investment and by increased domestic consumption -- an important factor in the case of food. In 2000, the economy grew at an estimated 3.1 percent, above the EU average. Portugal's unemployment rate, currently at 4.1 percent is also significantly better than those of its neighbors.

Both Portuguese imports and exports have expanded rapidly during the 1990's. Exports, in particular, have mushroomed over the past decade as Portugal has benefitted from the EU open market. The takeoff in imports underscores strong Portuguese demand for foreign goods. From 1998 to 1999, U.S. total exports to Portugal increased from $888 million to $1.091 billion, a 23 percent jump. The increasing influence of both imports and exports show the rapid integration of Portugal into the global economy.

For U.S. firms, Portugal's emergence as a full partner in Europe has meant a stable location open to foreign investment and an increasingly attractive market for exports. Portugal is an independent European market of ten million people, who have more money to spend due to the economic expansion. However, Portugal is often overlooked by U.S. suppliers and exporters because it is not one of the large European countries. Though not among the leading markets for U.S. agricultural products and despite the fact that Portugal does not rank at the top of the lists of new markets to explore, U.S. exporters should not ignore the Portuguese market. Portugal does have a number of things going for it that argue for U.S. firms to pay closer attention: significant indirect U.S. imports; strong trade links as the preeminent supplier to former Portuguese-speaking colonies in Africa; and the prospect for continued growth stemming in part from ongoing EU investment.

In Portugal, modern sales techniques still coexist with some traditional practices. Modern sales techniques are generally accepted and effective but traditional values continue to be respected. Many businessmen still consider personal contact and a handshake stronger than a contract, but they will not be offended if a formal contract is requested. Portugal is a relatively small country and most sales channels cover the entire territory so multiple distributors are generally not necessary. Distribution centers tend to be located in the cities of Lisbon in the south and Porto in the north. However, many large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, including those of the Portuguese islands of Madeira and the Azores.

As a fully integrated member of the EU, Portugal abides by the rules and regulations governing the EU. If an American exporter is already exporting to any other EU country, then more than likely the exporter already meets many of the requirements for exporting to Portugal. To expedite marketing, U.S. exporters must contact Portuguese importers and/or distributors. The Office of Agricultural Affairs in Lisbon maintains listings of potential importers and provides them to those U.S. suppliers who wish to explore market opportunities in Portugal.

Market opportunities for U.S. high-value consumer foods and beverages and edible fishery products exist in Portugal. Below are key points regarding the market:

- Due to Portugal's economic situation, Portuguese consumers have seen their purchasing power increase every year and increasingly buy on impulse.

- Direct sales, large supermarkets, hypermarkets and shopping malls are part of everyday life.

- Traditional eating habits have changed drastically in the last few years.

- For consumer goods, the decisive selling factors are price, quality, brand name or the product's innovative features.

- Portugal's market size for consumer-oriented products was U.S. $2.2 billion in 1999, with an expected yearly growth rate of three percent through 2005; edible fishery products were U.S. $1.035 billion, with an expected yearly growth rate of two percent through 2005.

**Advantages and Challenges Facing U.S. Products in Portugal**

| Advantages | Challenges |
|---|---|
| Portugal is a net importer of food and agricultural products. | Importers still have limited knowledge regarding the quality and supplies of U.S. consumer-oriented products. |
| The small number of Portuguese importers who already handle U.S. food products are aware of its quality. | The strength of the dollar has weakened the price competitiveness of U.S. products. |
| Domestic distribution systems are efficient. | High marketing costs (advertising, discounts, etc.) are necessary. |
| Food products in the market are becoming more diversified. | Competition from neighboring EU countries is fierce. |
| Overall sales of consumer-oriented food products have increased substantially in the last three years. | U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads. |
| The retail food market is very competitive. | Supermarkets and hypermarkets shelf space is extremely expensive. |
| Consumers are more health conscious, and tastes are becoming more sophisticated. | U.S. competitors who are determined to maintain market share, must conduct annual promotion activities. |
| Higher purchasing power and an impulse to buy makes Portugal an attractive market. | Importers prefer to take delivery on short notice from neighboring countries to avoid carrying stocks and storage charges. |

## SECTION II. EXPORTER BUSINESS TIPS

### 1. Local Business Customs

Success in introducing your product in the market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise. While modern sales techniques coexist with some traditional practices, many business people still prefer personal contact as a way of doing business rather than just via fax or phone. English is a widely spoken second language in Portugal, and U.S. exporters can expect to conduct their meetings with private and government contacts in English.

Large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, with main offices concentrated in Oporto and Lisbon. Typically, food products are imported by an importer, broker and/or a distributor.

### 2. General Consumer Tastes and Preferences

As consumer tastes are becoming more sophisticated, the market is increasingly characterized by a trend towards more novelties and specialities, less basic foodstuffs, more fresh fruit, seafood and meat, good vegetables and delicatessen foods. Consumers are also increasingly seeking high quality and attractive packaging. In addition, consumers are more health conscious and interest in wholesome/natural foods is high. Products that were consider luxury products a few years ago, such as mushrooms, asparagus, celery, tropical fruits and vegetables, ice-creams and breakfast cereals, have now become ordinary consumer goods. Influenced by constant advertising in the daily and weekly press and TV, consumers tend to imitate fashionable trends, use new products and adopt new consumption habits.

### 3. Food Standards and Regulations

Portugal, as an EU member state, follows all rules and regulations that govern food legislation within the European Union. For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standard Report for Portugal (PORTUGAL FAIRS REPORT) - PO1018, dated July 2001. To get a copy of this report, please visit the Foreign Agricultural Service home page, http://www.fas.usda.gov and click on "attache reports" to access the search page.

### 4. General Import and Inspection Procedures

Portugal uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff schedule is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the WTO and countries with which the EU has signed trade agreements) including the United States and most other countries.

The following documents are required for ocean or air cargo shipments of foodstuffs to Portugal:

Bills of Lading and Airway Bills
No consular legalization is required;
Two copies of the document are required;
Portuguese or English language are accepted.

Commercial Invoice
Two copies are required.

Phytosanitary Certificate and/or Health Certificate
See the FAIRS Report for Portugal, PO1018, July 2001.

Import Certificate
Most foodstuffs require an Import Certificate issued by the competent Portuguese agency. However, the Import Certificate is obtained by the Portuguese Importer and/or the agent involved in the business.

For more information on import and inspection procedures please see PO1018, July 2001 - FAIRS Report for Portugal. To get a copy of this report, please visit the Foreign Agricultural Service home page, http://www.fas.usda.gov. Also, the Country Commercial Guide presents a comprehensive look at Portugal's commercial environment using economic, political and market analysis. Country Commercial Guide may be accessed via the World Wide Web at http://www.stat-usa.gov, http://www.state.gov and http://mac.doc.gov.

## SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

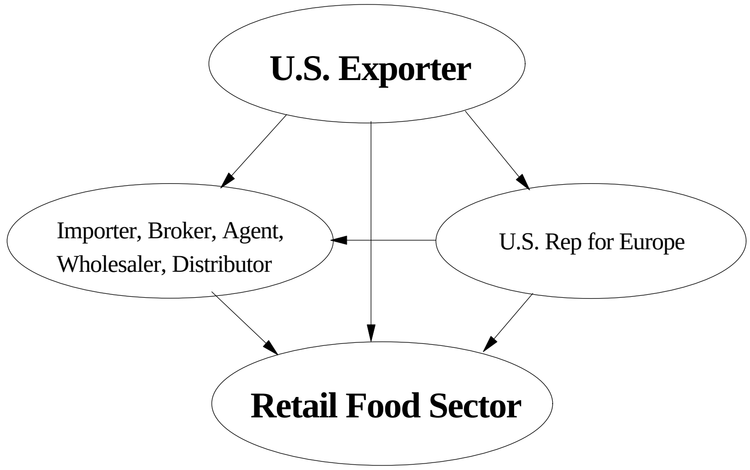
### 1. Food Retail Sector

The Portuguese retail food market is very competitive and domestic distribution systems are efficient. Hypermarkets, supermarkets, convenience stores, hard discount stores and specialized stores still coexist with the traditional trade, namely grocery stores and wet markets.

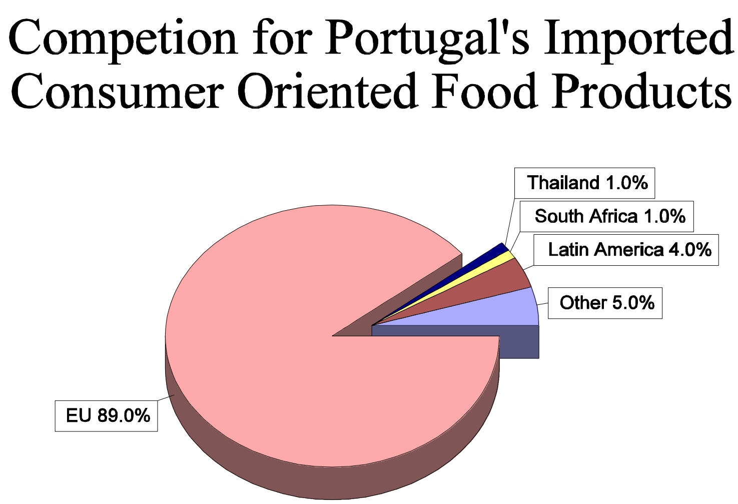
- In 1998, the total number of retail outlets was estimated at 28,993, which account for about three stores per 1,000 inhabitants.
- In 1998, total retail food sales were estimated at US$5.6 billion.
- The retail food sector is expected to continue to increase at a 1-3 percent annual rate in the next five years.
- Around 70 percent of the food purchases are made in hyper- and supermarkets, and this share is expected to continue to increase.
- An increasing supply of imported products has intensified competition among suppliers and retailers, adding increasing demand for high quality and attractive packaging.
- In 1999, consumer-oriented total imports amounted to U.S.$2.2 billion dollars.

- The rest of the European Union is the first supplier of imported consumer-oriented products, accounting for 89 percent of total imports.

- Market structure:




For more information on the Portuguese Retail Food Sector, please consult the sector report PO0033, dated November 2000. To get a copy of this report, please visit the Foreign Agricultural Service home page, http://www.fas.usda.gov.



**2. HRI Sector**

Portugal's HRI sector expanded significantly during the '80's and early '90's due to social and economic changes, particularly the entry of more women in the labor force. The importance of the sector in Portugal and the continued specialization and growing level of management expertise among HRI leaders makes this sector an important area for food exporters to target.

- Total number of restaurant units rose from 30,000 some 20 years ago to a total of 90,000 at present.
- Restaurant sales are currently estimated at about USD$3.92 billion.
- The HRI sector is forecast to expand at a three percent annual rate in the next 3-5 years.
- Restaurant chains are gaining a larger share of the market (accounting for seven percent of the total number of units) and is expect to growth significantly in the future.

The large quantities of food sold through the HRI channels make it an important sector as food distribution channels are concerned. However, U.S. suppliers remains critically affected by many restrictions:

- Trade barriers, whether tariff or non-tariff, remain critical for a number of products, including most raw meats.
- A mature EU food industry tends to restrict product areas in which the U.S. is a competitive exporter. (Food processing sector)
- Key Portuguese HRI suppliers are:
  - Traditional wholesalers
  - Local markets (mainly for fresh produce)
  - Supermarkets and/or hypermarkets
  - Cash & Carries

For more information on the Portuguese HRI Sector, please consult the sector report PO9013, dated May 1999. To get a copy of this report, please visit the Foreign Agricultural Service home page, http://www.fas.usda.gov.

## SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Walnuts
Peanuts
Edible Pulses
Wine, Beer and Bourbon
Fruit Juices and Non-Alcoholic Beverages
Seafood (Lobster, Salmon, Frozen Seafood)
Frozen Vegetables, including French Fries
Microwavable Food Products, Frozen and Non-Frozen
Ready-to-eat Food Products, Frozen and Non-Frozen
Processed Fruits and Vegetables
Dried Fruits and Dried Fruit Mixes
Sauces and Condiments
Snack Foods
Breakfast Cereals
All Kinds of Low Calorie Products
Food Supplements and Health Foods
Herbal Teas
Pet Food
Organic Food Products
Ethnic Foods

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the Office of Agricultural Affairs in Lisbon at the following address:

Office of Agricultural Affairs Lisbon
US Embassy
Av. Das Forças Armadas
1600-081 Lisboa
Tel: 351-21-770-2358
Fax: 351-21-726-9721
email: aglisbon@mail.esoterica.pt
Home page: http://homepage@esoterica.pt/~aglisbon

Please consult our home page for more information on exporting U.S. food products to Portugal, including "The Food Retail Sector Report" and "The HRI Food Service Sector Report". Importer lists are available from our office to exporters of U.S. food products. A list of Portuguese trade associations and useful government agencies is provided below:

**1. Portuguese Trade Associations**

**APED-Associação Portuguesa de Empresas de Distribuição**
**(Portuguese Association of Distribution Companies)**

Campo Grande, 285-5º
1700-096 Lisboa
Tel: 351-21-751-0920
Fax: 351-21-757-1952

**ARESP-Associação da Restauração e Similares de Portugal**
**(Portuguese Associations for HRIs Sector)**

Av. Duque d'Avila, 75
1000 Lisboa
Tel. 351-21-352-7060
Fax: 351-21-354-9428

**FIPA-Federação das Indústrias Portuguesas Agro-Alimentares**
**(Federation of the Agro-Food Portuguese Industries)**

Av. António José de Almeida, 7-2º
1000 Lisboa
Tel: 351-21-793-8679
Fax: 351-21-793-8537

**2. Useful Government Agencies**

**Direcção Geral de Fiscalização e Controlo da Qualidade Alimentar**
**(General Directorate for Control of Food Quality)**
Av. Conde Valbom, 96
1050 LISBOA
Tel. 351-21-798-3600
Fax: 351-21-798-3834

**Direcção Geral da Alfandega**
**(Customs General Directorate)**
Terreiro do Trigo
1100 Lisboa
Tel. 351-21-886-1059
Fax: 351-21-888-3686

**Direcção Geral das Relações Ecómicas Internacionais**
**(General Directorate for International Economic Relations) (Import Certificates)**
Av. Da República, 79
1094 LISBOA CODEX
Tel. 351-21-793-3002
Fax: 351-21-796-3723

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: http://www.fas.usda.gov.

# APPENDIX I. STATISTICS

**Key Trade & Demographic Information**

| | |
|---|---|
| Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1/] **- 1999** | **$5,699/5%** |
| Consumer Food Imports From All Countries($Mil)/U.S. Market Share (%) [1/] **1999** | **$2,225/1%** |
| Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1/] **- 1999** | **$1,035/5%** |
| Total Population (Millions) / Annual Growth Rate (%) **- 2000** | **9.9/0.0%** |
| Urban Population (Millions) / Annual Growth Rate (%) **- 2000** | **3.4/0.1%** |
| Number of Major Metropolitan Areas | **2** |
| Size of the Middle Class (Millions) / Growth Rate (%) [2/] **- 2000** | **4.4/0.1%** |
| Per Capita Gross Domestic Product (U.S. Dollars) **- 2000** | **$10,252** |
| Unemployment Rate (%) **- 2000** | **4%** |
| Per Capita Food Expenditures (U.S. Dollars) [3/] **- 2000** | **$4,700** |
| Percent of Female Population Employed **- 2000** | **65%** |
| Exchange Rate (US$1 = 1 Portuguese Escudos) **September 2001** | **PE 218** |

1/ FAS' Global Agriculture Trade System using data from the United Nations Statistical Office.
2/ Data is divided as follows: 31.7% Middle Class + 15.3% High MiddleClass.
3/ Office estimate.

**Portugal's Food Imports ($ Million)**

| Portugal Imports | Imports from the World | | | Imports from the U.S. | | | U.S Market Share | | |
|---|---|---|---|---|---|---|---|---|---|
| (In Millions of Dollars) | 1997 | 1998 | 1999 | 1997 | 1998 | 1999 | 1997 | 1998 | 1999 |
| | | | | | | | | | |
| CONSUMER-ORIENTED AGRICULTURAL TOTAL | 1,617 | 1,931 | 2,225 | 9 | 10 | 12 | 1 | 1 | 1 |
| Snack Foods (Excl. Nuts) | 158 | 171 | 195 | 1 | 1 | 1 | 0 | 0 | 0 |
| Breakfast Cereals & Pancake Mix | 26 | 28 | 36 | 1 | 0 | 1 | 0 | 0 | 0 |
| Red Meats, Fresh/Chilled/Frozen | 315 | 332 | 387 | 1 | 0 | 0 | 0 | 0 | 0 |
| Red Meats, Prepared/Preserved | 46 | 52 | 60 | 0 | 0 | 0 | 0 | 0 | 0 |
| Poultry Meat | 16 | 18 | 19 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dairy Products (Excl. Cheese) | 112 | 125 | 153 | 1 | 1 | 1 | 0 | 0 | 0 |
| Cheese | 43 | 52 | 63 | 0 | 1 | 0 | 0 | 0 | 0 |
| Eggs & Products | 9 | 10 | 9 | 1 | 0 | 0 | 0 | 0 | 0 |
| Fresh Fruit | 225 | 289 | 278 | 1 | 1 | 1 | 0 | 0 | 0 |
| Fresh Vegetables | 77 | 116 | 107 | 1 | 0 | 0 | 0 | 0 | 0 |
| Processed Fruit & Vegetables | 121 | 138 | 159 | 1 | 1 | 1 | 0 | 0 | 0 |
| Fruit & Vegetable Juices | 53 | 63 | 77 | 1 | 1 | 1 | 0 | 0 | 0 |
| Tree Nuts | 22 | 21 | 23 | 3 | 3 | 4 | 15 | 13 | 18 |
| Wine & Beer | 58 | 117 | 177 | 1 | 1 | 1 | 0 | 0 | 0 |
| Nursery Products & Cut Flowers | 36 | 40 | 47 | 1 | 1 | 1 | 0 | 0 | 1 |
| Pet Foods (Dog & Cat Food) | 32 | 45 | 58 | 3 | 3 | 3 | 9 | 8 | 5 |
| Other Consumer-Oriented Products | 269 | 313 | 377 | 2 | 2 | 2 | 1 | 1 | 1 |
| | | | | | | | | | |
| FISH & SEAFOOD PRODUCTS | 729 | 921 | 1,035 | 12 | 18 | 51 | 2 | 2 | 5 |
| Salmon | 8 | 14 | 17 | 1 | 1 | 1 | 9 | 3 | 2 |
| Surimi | 5 | 7 | 4 | 1 | 1 | 1 | 14 | 8 | 8 |
| Crustaceans | 100 | 120 | 125 | 1 | 1 | 1 | 0 | 0 | 0 |
| Groundfish & Flatfish | 362 | 446 | 522 | 7 | 15 | 49 | 2 | 3 | 9 |
| Molluscs | 55 | 72 | 74 | 3 | 1 | 1 | 5 | 0 | 1 |
| Other Fishery Products | 200 | 263 | 293 | 1 | 1 | 1 | 0 | 1 | 0 |
| | | | | | | | | | |
| AGRICULTURAL PRODUCTS TOTAL | 3,753 | 4,100 | 4,137 | 274 | 174 | 167 | 7 | 4 | 4 |
| AGRICULTURAL, FISH & FORESTRY TOTAL | 4,901 | 5,566 | 5,699 | 309 | 228 | 262 | 6 | 4 | 5 |

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

## Portugal's Top 15 Food Suppliers

| CONSUMER-ORIENTED AGRICULTURAL IMPORTS | | | |
|---|---|---|---|
| **(1,000)** | **1997** | **1998** | **1999** |
| Spain | 659,739 | 846,423 | 985,778 |
| France | 273,652 | 307,404 | 350,728 |
| Netherlands | 133,336 | 155,272 | 169,218 |
| Germany | 93,408 | 90,394 | 149,205 |
| Italy | 46,460 | 77,743 | 116,357 |
| United Kingdom | 93,873 | 89,040 | 92,915 |
| Belgium | 0 | 0 | 62,962 |
| Ireland | 18,505 | 44,684 | 50,411 |
| Denmark | 35,894 | 35,913 | 38,247 |
| Thailand | 27,347 | 19,664 | 25,220 |
| Brazil | 15,055 | 18,404 | 23,732 |
| Ecuador | 19,149 | 22,813 | 15,320 |
| Argentina | 11,758 | 9,688 | 14,129 |
| Costa Rica | 23,041 | 25,853 | 13,671 |
| Chile | 9,708 | 10,015 | 12,282 |
| Other | 156,308 | 177,679 | 105,306 |
| World | 1,617,249 | 1,931,008 | 2,225,492 |

| FISH & SEAFOOD PRODUCT IMPORTS | | | |
|---|---|---|---|
| **(1,000)** | **1997** | **1998** | **1999** |
| Spain | 218,528 | 269,314 | 307,438 |
| Norway | 88,379 | 191,676 | 190,057 |
| Iceland | 43,308 | 71,745 | 91,435 |
| Russian Federa | 86,300 | 64,675 | 80,904 |
| Denmark | 53,265 | 33,908 | 64,861 |
| United States | 11,531 | 17,832 | 51,419 |
| France | 27,067 | 36,649 | 33,757 |
| Mozambique | 8,485 | 10,372 | 20,206 |
| United Kingdom | 11,841 | 16,747 | 19,752 |
| S.Afr.Cus.Un | 14,921 | 20,802 | 19,087 |
| Mauritania | 11,624 | 14,135 | 13,941 |
| Netherlands | 14,249 | 15,413 | 13,042 |
| Germany | 8,452 | 9,473 | 12,364 |
| Nigeria | 13,557 | 15,336 | 12,203 |
| Morocco | 9,825 | 8,488 | 10,470 |
| Other | 107,312 | 124,638 | 94,403 |
| World | 728,651 | 921,219 | 1,035,345 |

Source: United Nations Statistics Division